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Arizona Corporation Commission

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AZ CORP COMMISSION
DOCUMENT CONTROLCARL J. KUNASEK
CHAIRMANJIM IRVIN
COMMISSIONERWILLIAM A. MUNDELL
COMMISSIONER

DOCKETED BY

Jr

IN THE MATTER OF THE APPLICATION OF
THE ARIZONA ELECTRIC DIVISION OF
CITIZENS COMMUNICATIONS COMPANY TO
CHANGE THE CURRENT PURCHASED POWER
AND FUEL ADJUSTMENT CLAUSE RATE, TO
ESTABLISH A NEW PURCHASED POWER AND
FUEL ADJUSTMENT CLAUSE BANK, AND TO
REQUEST APPROVED GUIDELINES FOR THE
RECOVERY OF COSTS INCURRED IN
CONNECTION WITH ENERGY RISK
MANAGEMENT ALTERNATIVES.

DOCKET NO. E-01032C-00-0751

PROCEDURAL ORDER**BY THE COMMISSION:**

On September 28, 2000, the Arizona Electric Division ("AED") of Citizens Communications Company ("Citizens") filed an application with the Arizona Corporation Commission ("Commission") to change the current Purchase Power Adjustor Clause ("PPFAC" or "adjustor") rate; to freeze and amortize over a period of three years, the balance in the existing PPFAC bank as of September 30, 2000, to establish a new PPFAC Bank that would track power supply costs prospectively based on a twelve-month rolling average basis and to begin accruing carrying charges on the accumulated balance of over or under-recovered power supply costs. AED also requested approval to implement energy risk management initiatives intended to improve rate stability by reducing the volatility of power supply costs associated with competitive wholesale power markets. AED requested the Commission establish guidelines that would be applied to recover costs associated with the implementation of the initiatives.

At the November 8, 2000 Open Meeting, the Commission reset the PPFAC rate to zero on an interim basis. Additionally, the remaining issues were to be addressed in a hearing. During the Open Meeting discussions, AED indicated they were in the process of performing an audit of its full requirement contract with Arizona Public Service Company ("APS"). At the same time, the Residential Utility Consumer Office ("RUCO") and the Utilities Division Staff ("Staff") of the

Commission indicated they could not finalize their recommendations/testimony until seeing the result of the audit.

Based on the above, we will set the date for filing of Staff, RUCO and any other intervenor(s), recommendations/testimony to be due on or before four weeks from the date AED completes its audit and files an update to its application to incorporate the findings of the audit. In turn, AED will be required to file any rebuttal testimony on or before six weeks from the date of its updated application. Subsequently, a procedural conference and hearing will be set within one week of the rebuttal deadline. An amended procedural order will be issued to establish dates consistent with the above discussion after AED completes the audit and files its update. At that time, a notice will also be set forth for Citizens to provide to its customers regarding this matter.

IT IS THEREFORE ORDERED that a hearing, pre-filed testimony, deadlines and other procedural guidelines on the above-captioned matter shall be set forth in a subsequent procedural order consistent with the above discussions.

IT IS FURTHER ORDERED that Citizens shall file an update to its application to incorporate the results of its audit of the APS power contract.

DATED this 17th day of November, 2000.


JERRY L. RUDIBAUGH
CHIEF ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered
this 17th day of November, 2000 to:

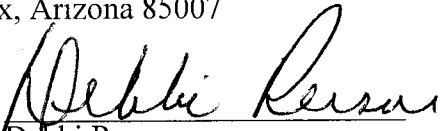
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